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EnergySavvy

November 18, 2014


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RE: Notice of Staff's Request for Informal Comments
Docket No. E-00000XX-13-0214
Commission's investigation of energy efficiency standards

EnergySavvy appreciates the opportunity to comment on Staff's request for informal comments on Arizona's Energy Efficiency Standards and draft rules. EnergySavvy provides cloud-based software for the utility industry to make energy efficiency more controllable and transparent for customers, utilities and regulators. EnergySavvy's platform provides utility customers a modern experience and delivers predictability to the industry through online engagement, data management and measure-as-you-go quantification for demand-side management (DSM) energy efficiency programs. EnergySavvy is working with utilities and energy efficiency programs in more than 24 states to deliver energy savings through proven demand-side management programs. In Arizona, EnergySavvy has been working with utilities since 2013, including Arizona Public Service and Salt River Project. This work has helped over 50,000 customers learn how to save energy.

Introduction

EnergySavvy urges the Arizona Corporation Commission to continue the successful Electric and Natural Gas Energy Efficiency Standards that have been in place since 2010. The Standards were initially enacted to reduce customer bills, save energy and create jobs. In three years, the Standards have saved Arizona consumers and

businesses \$540 million and conserved enough energy to power 133,000 homes.¹ The amendments to the Standards contained in the draft rules threaten the future for energy efficiency programs that have delivered positive results for Arizonans. EnergySavvy strongly urges the Commission to reject this proposal.

Energy efficiency is the least cost resource for utilities, consumers and businesses. Energy savings programs provide value for ratepayers, offset capital costs for utilities, and maintain affordable utility bills for customers. Arizona has established itself as a leader in energy efficiency. The American Council for an Energy Efficiency Economy reports that in 2013, Arizona saved approximate 1.75 percent of electricity, the highest in the southwest region. Efficiency programs also have the added benefit of creating jobs through the implementation of conservation programs in homes and businesses. If left untouched, the Arizona Standards and best practice programs are predicted to create more than 10,000 in-state jobs.²

Demand-side management (DSM) programs can still deliver cost effective savings and provide value to consumers. The Arizona standards are still new in comparison to other state energy efficiency resource standards and considerable cost effective savings remain attainable through utility administered DSM programs. Now is not the time for the Commission to reverse course and deny utilities and consumers the opportunity to achieve those energy savings.

R14-2-2404 Energy Efficiency Goal and R14-2-2405 Implementation Plans

Arizona's investor owned utilities have proven to be successful at delivering the energy savings as required by the Electric and Natural Gas Energy Efficiency

¹ See Annual Demand Side Management Reports from Arizona Public Service and Tucson Electric Power from 2011-2013

² Southwest Energy Efficiency Project, "The \$20 Billion Dollar Bonanza: Best Practice Electric Utility Energy Efficiency Programs and Their Benefits for the Southwest," http://swenergy.org/publications/20BBonanza/20B_Bonanza-COMplete_REPORT-Web.pdf; Lawrence Berkeley National Laboratory, "Analysis of the Energy Efficiency Standard (EES) and Decoupling on Arizona Public Service and Tucson Electric Power."

Standards. In fact, some Arizona programs have received national recognition including earning the Environmental Protection Agency's ENERGY STAR Partner of the Year award. It is unclear why the Commission is considering amending the standards when utilities have consistently delivered energy savings using cost effective DSM measures. Refashioning the standard into a non-binding goal has the potential to diminish energy efficiency programs, ignore energy savings opportunities, and create a level of uncertainty for utilities and the DSM industry that implements Commission approved cost effective programs.

R14-2-2411 Performance Incentive

Utilities have proven that they can deliver savings and meet the targets established in the Standards. Incentive payments are an important component of the Standards and should remain in place as either a mechanism to reward utilities for achieving the required standards or meeting the non-binding goals included in the draft rules.

R14-2-2407 – Commission Review and Approval of DSM Programs and Measures

EnergySavvy is particularly concerned with the Commission's proposal to alter the cost effectiveness test for demand-side management programs. The Societal Cost Test has been used in Arizona since the 1990's and has worked for Arizona and delivered the results discussed above. Moving to the Ratepayer Impact Measure Test for automatic approval will undercut many successful programs and limit utilities and customers from achieving savings.

The change to the cost effectiveness tests required for DSM program and measure approval included in the draft rules creates an uncertain future for successful DSM programs and measures. The draft rules make it unclear if programs and measures that do not automatically pass the Ratepayer Impact Test will be continued. It also is unclear why programs need to be measured against all five cost effective tests and how the Commission will use those test results. If the Commission is going to alter the cost effectiveness test used to measure DSM programs and measures, those

changes should clearly outline the necessary benefit-cost ratio for approval and undertake a stakeholder engagement process to understand how those changes will impact existing programs.

Conclusion

The draft rules have the potential to create uncertainty for utilities, customers and a successful DSM industry in Arizona. This proposal has had an abbreviated comment process and was unexpected at this time. If the Commission decides it is appropriate to revisit the standards, any proposal should be considered in a thorough manner that involves stakeholder input and time for consideration, including a period for reply comments.

EnergySavvy appreciates the opportunity to provide these informal comments and urges the Commission to reject this proposal.

Respectfully Submitted,

Dated: November 18, 2014

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